

Appendix 7 – Appendix of professional services supplied by SMB Professional Services Ltd

PAYROLL – REOCCURRING COMPLIANCE WORK (INCLUDING AUTO-ENROLMENT) AND YEAR END PROCEDURES

The purpose of this Appendix is to set out the basis on which we act as your accountant in regard to the preparation of your monthly payroll, [helping you to comply with auto-enrolment](#) and undertaking year end payroll procedures. This appendix also contains a data processor's agreement as required by GDPR.

We will communicate with the person who has signed the Letter of Engagement in relation to this assignment having agreed with you that they will represent you and we will only process information provided by that person.

This is a continuing engagement and this Appendix replaces our previous Letter of Engagement

1. Your responsibilities

- 1.1 Our appointment does not exonerate you from your legal responsibilities for:
- ensuring that the data in your payroll submissions is complete and accurate;
 - complying with auto-enrolment obligations;
 - [ensuring that pension records are correct](#);
 - making any submissions by the due date;
 - making payment of tax and NIC on time;
 - ensuring that your declaration on form P11D(b) is true to the best of your knowledge and belief and therefore that the entries on the related P11D forms are correct and complete;
 - filing any returns by the due date after the end of the tax year;
 - making payment of Class 1A NIC on time; and
 - [making payment of pension contributions on time](#).

Failure to fulfil your duties may lead to automatic penalties, surcharges and interest.

Employers and signatories to returns cannot delegate their legal responsibility to others. You agree to check that submissions and returns that we have prepared are complete and accurate before you approve them. You are no less responsible for errors in unapproved returns, submitted on the basis of the information provided to and processed by us, than if you had confirmed your approval of the returns.

- 1.2 To enable us to carry out our work you agree:
- that all information required to be delivered online is submitted on the basis of full disclosure;
 - to provide full information necessary for dealing with your payroll [and benefits in kind] affairs and workplace pension scheme contributions: we will rely on the information and documents being true, correct and complete and will not audit the information or those documents;
 - [to provide us with details about auto-enrolment arrangements, including the scheme name and address, and your employer's pension scheme reference](#);

- to agree with us the name(s) of the person(s) authorised by you to notify us of changes in employees and in rates of pay and other information relevant to the services provided under this schedule. We will process the changes only if notified by that/those individual(s);
- to advise us in writing of changes of payroll pay dates;
- to notify us at least 2 working days prior to the payroll date of all transactions or events which may need to be reflected in the payroll for the period **or may need to be considered in relation to auto-enrolments obligations for the period**, including details of:
 - changes of payroll pay dates;
 - all new employees (including full names, address, date of birth, gender, National Insurance number, their start date and starter form) and details of their remuneration packages [including benefits in kind to be payrolled];
 - for any employees whose benefits in kind are being payrolled, their names, the identity of the benefits in kind, and the cash equivalent amounts to be included in payroll;
 - for employees who are active pension scheme members, name of pension scheme, pensionable pay, employee and employer contribution rates, dates from / to which contributions payable;
 - names and date of birth of all apprentices aged under 25;
 - names and date of birth of all employees aged under 21;
 - information necessary to enable us to calculate statutory payments, i.e.,
 - statutory sick pay
 - statutory maternity pay
 - statutory adoption pay
 - statutory paternity pay
 - statutory shared parental pay;
 - all leavers, including deaths of employees, their leaving date, termination arrangements, and any payments to be made after their leaving date;
 - all changes to remuneration packages including benefits in kind to be payrolled;
 - irregular and / or ad hoc payments and the dates to be paid;
 - **all auto enrolment opt-in and opt-out requests;**
 - **changes in categorisation for all workers; and**
 - **all pension scheme changes;**
- to approve:
 - in-year and final full payment submission (FPS) by at least 1 working day prior to payroll pay dates so that they can be submitted on or before the payroll pay date, or as agreed with us;
 - in-year and final employer payment summary (EPS) by at least 5 days prior to 19th of the month following the tax month; and
 - earlier year update (EYU) within 5 days of notifying you of the data therein;
- to notify us within 25 working days (five weeks on average) after the end of the tax year of all transactions or events which may need to be reflected in P11D forms for the period, including details of all employees during the year and details of their remuneration packages;
- if we do not hear from you by the above deadlines, subject to any other agreement between us, we will take your silence as your approval for us to submit the return;
- you will keep us informed of changes in circumstances that could affect the payroll. If you are unsure whether the change is material or not please let us know so that we can assess the significance; and
- that we are authorised to approach such third parties as may be appropriate for information that we consider necessary to deal with your payroll affairs.

- 1.3 If the information required to complete the payroll services set out above is received less than the number working days specified above before the payroll date we will still endeavour to process the payroll and returns to meet the agreed payroll date and filing deadlines but we will not be liable for any costs or other losses arising if the payroll is late in these circumstances.
- 1.4 If the information required to complete the benefits in kind returns set out above is received more than the number working days specified above after the end of the tax year we will still endeavour to process the information onto the benefits in kind returns to meet the submission date but we will not be liable for any costs or other losses arising if the submission is late in these circumstances.
- 1.5 You will forward to us any communications received from HMRC in sufficient time to enable us to deal with them as may be necessary within the requisite time limits. Although HMRC have the authority to communicate with us when form 64-8 has been signed and submitted it is essential that you let us have copies of any correspondence received because HMRC are not obliged to send us copies of all communications issued to you and, in most cases, will not do so.

Auto-enrolment

- 1.6 You are responsible for choosing a pension scheme that meets the automatic enrolment qualifying criteria and we recommend that you take appropriate independent advice.
- 1.7 You are responsible for enrolling all eligible jobholders in a qualifying scheme.
- 1.8 You are required within five calendar months from the start of your legal duties and then when re-enrolling eligible jobholders to make a declaration of compliance to the Pension Regulator (tPR).
- 1.9 You are responsible for providing all relevant information to the trustees or manager of the pension scheme within the statutory period.
- 1.10 You are responsible for providing the required statutory information to your workers. This includes writing to new starters and those who become eligible to be enrolled by age or earning within six weeks of them meeting the criteria.
- 1.11 In addition to the information noted in 1.2 above to comply with auto-enrolments legislation you must also, keep records of:
 - status within the pension scheme;
 - opt-in notices;
 - opt-out notices; and
 - joining notices.
- 1.12 You are responsible for the monitoring of workers' ages and earnings and agree to advise us of any changes in categorisation or status of your workers.
- 1.13 You are responsible for monitoring opt-in and opt-out requests and where workers with the right to opt in or opt out exercise those rights.

2. Our responsibilities

- 2.1 We will prepare your UK payroll for each payroll period to meet UK employment tax requirements, specifically:
- calculating the pay as you earn (PAYE) deductions, including at the Scottish and Welsh rate of income tax, if applicable;
 - calculating the employees' National Insurance contributions (NIC) deductions;
 - calculating the employer's NIC liabilities;
 - calculating statutory payments, for example, statutory sick pay and/or statutory maternity pay;
 - calculating employee and employer pension contributions for employees who are members of workplace pension schemes on the basis of the information that you provide to us;
 - [process any refunds from work-based pension providers](#);
 - claiming employment allowance;
 - calculating, if appropriate, apprenticeship levy;
 - calculating other statutory and non-statutory deductions; and
 - submitting information online to HMRC under RTI for PAYE.
- 2.2 We will prepare and send to you the following documents before the time of payment through the payroll or due date for delivering information to HMRC:
- if you ask for this, payroll summary report showing the reconciliation from gross to net for each employee and all relevant payroll totals;
 - if you ask for this, the data included within each FPS for taxable pay and payrolled benefits for each employee;
 - a payslip for each employee unless not required;
 - a form P45 for each leaver;
 - a report showing your PAYE and NIC liability and due date for payment; and
 - if you ask for this, a report showing employee and employer pension contributions payable in respect of each employee to the respective workplace pension scheme(s) of which they are members and the due date(s) for payment.
- 2.3 We will submit FPSs online to HMRC after the data to be included therein has been approved by you. (FPSs must reach HMRC normally on or before the payroll pay date.) You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.
- 2.4 For each tax month we will prepare, where appropriate, an employer payment summary (EPS) from the information and explanations that you provide to us. (Examples of EPS data include statutory payments, employment allowance, Construction Industry Scheme (CIS) deductions, apprenticeship levy allowance allocated to the PAYE scheme, apprenticeship allowance payable to date and confirmation that no payments were made to employees.)
- 2.5 We will submit EPSs to HMRC after the data to be included therein has been approved by you. (EPSs must reach HMRC by the 19th of the month following the tax month to which they relate). You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.
- 2.6 At the end of the payroll year we will:
- Prepare the final FPS (or EPS) including employer annual declarations and submit this to HMRC after the data to be included therein has been approved by you. (The final FPS (or EPS) for the year must reach HMRC by 19 April following the end of the tax year.) You must ensure the data provided to us is complete and accurate and your attention is drawn to your legal responsibilities as set out above.

- Prepare and send to you by the statutory due date form P60 for each employee on the payroll at the year end.
- 2.7 We will deal with any online secure messages sent to us by HMRC in respect of your payroll.
- 2.8 We will submit National Insurance number (NINO) verification requested where appropriate to verify or obtain a NINO for a new employee.
- [2.9 We will prepare forms P11D as may be required for each employee including directors based on the accounts, information and explanations provided to us on your behalf.
- 2.10 We will submit the forms P11D with the form P11D(b) after the form P11D(b) has been signed by you.
- 2.11 We will prepare and send to you the P11D information for you to forward to your employees and directors by the statutory due date.
- 2.12 We will calculate your Class 1A NIC liability on the benefits returned in forms P11D that you are obliged to pay HMRC by the due date and send payment instructions to you.
- 2.13 We will deal with all communications relating to your payroll or benefits in kind return addressed to us by HMRC or passed to us by you. However, if HMRC choose your return for enquiry this work may need to be the subject of a separate assignment in which case we will seek further instructions from you.

Auto-enrolment

- 2.14 We will not undertake any assurance work on information provide to us, and will assume that it is accurate and complete, if we become aware that this is not the case we will of course inform you immediately.
- 2.15 We can provide advice to you regarding your choice of a pension scheme but *we are not authorised* to provide specific advice to your employees.
- 2.16 We will help you establish which category each worker falls into i.e.:
- entitled worker;
 - eligible jobholder; or
 - non-eligible jobholder.
- 2.17 We will prepare and send to you a notice to be forwarded to each non-eligible jobholder that sets out certain information about opting in to an automatic enrolment scheme and what this means for them. If the non-eligible jobholder chooses to opt in, you will enrol them onto the scheme on receipt of an opt-in notice. We will assist you in this process. We will send information to the pension scheme about those non-eligible jobholders who choose to opt in.
- 2.18 We will prepare and send to you a notice to be forwarded to each entitled worker, giving them information about joining a pension scheme and what it means for them. This includes new starters and those becoming eligible to be enrolled by age or earnings. They do not need to be automatically enrolled but have the right to opt in. You will arrange membership to a scheme for those entitled workers who choose to join and

complete a joining notice. This can be a different scheme to the one used for auto-enrolment. We will assist you in this process.

- 2.19 We will prepare a notice for you to be forwarded to the eligible jobholder telling them that they have been enrolled, setting out what that means for them and also detailing their right to opt out (and to opt back in again). You must re-enrol eligible jobholders every three years. We recommend that you establish a process for this review.
- 2.20 You are legally responsible for selecting a re-enrolment date for a six-month window, which starts three months before the third anniversary of your automatic enrolment staging date and three months after it, and for assessing your job holders including those enrolled into the scheme and those you will put back into the scheme.
- 2.21 We will, on receipt of the scheme information from you and the pension provider, assist you when you make your declaration of compliance to The Pensions Regulator (tPR).
- 2.22 Where you have instructed us to do so, we will also provide advisory and ad-hoc services (including, dealing with enquiries from HMRC or the tPR) as may be agreed between you and us from time to time. These may be the subject of a separate engagement letter, at our option. Where appropriate, we will discuss and agree an additional fee for such work when it is commissioned by you. Where specialist advice is required on occasions, we may need to seek this from, or refer you to an appropriate specialist

3. Data protection

Our terms of business include information about our data protection policies and procedures and refers you to our privacy statement which is available on request or from our website. However, it is a legal requirement for contracts between data controllers and data processors to contain certain information. This is known as a data processor agreement; the data processor agreement is attached. By signing the engagement letter, you also agree to the data processor's agreement below.

DATA PROCESSOR'S AGREEMENT

1 Introduction

- 1.1 This agreement regarding the processing of personal data (the “data processor agreement”) regulates [name of practice] (the “data processor”) processing of personal data on behalf of the [name of client] (the “data controller”) and is an addendum to the engagement letter (including the appendices of professional services and terms of agreement) in which the parties have agreed the terms for the data processor’s delivery of services to the data controller.

2 Key data processing information

1. Subject matter of processing

Provision of payroll services

2. Duration of the processing

Processing shall continue until the engagement letter is terminated.

3. Nature and purpose of the processing

- running a [weekly/monthly payroll];
- ensuring compliance with auto-enrolment.

4. Types(s) of personal data to be processed

- names;
- date of birth;
- address;
- [email;]
- gender;
- NI number;
- start date of current employment;
- leaving employment details;
- PAYE Notice of Coding;
- details of auto-enrolment/opt out;
- banking details [where payments are made by the practice];
- gross pay;
- PAYE;
- NI;
- other deductions, including [student loan deductions; second season ticket loan repayment; union subscriptions; deductions arising from priority orders; administration changes for dealing with priority orders; charity deductions; pension deductions];

- SSP;
- SMP;
- [other information;]

5. Categories of data subjects

- directors and employees of [name of client];
- the data controller (contact details only).

3 Legislation

3.1 This Agreement shall ensure that the data processor complies with the applicable data protection and privacy legislation (applicable law), including in particular the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679).

4 Instruction

4.1 The data processor may only act and process the personal data in accordance with the documented instruction from the data controller (the instruction), unless required by law to act without such instruction. The instruction at the time of entering into this data processor agreement (DPA) is that the data processor may only process the personal data with the purpose of delivering payroll services as described in the engagement letter (including the Appendix of Professional Services). Subject to the terms of this DPA and with mutual agreement of the parties, the data controller may issue additional written instructions consistent with the terms of this agreement. The data controller is responsible for ensuring that all individuals who provide written instructions are authorised to do so.

4.2 The data controller guarantees to process personal data in accordance with the requirements of data protection laws and regulations. The data controller’s instructions for the processing of personal data shall comply with applicable law. The data controller will have sole responsibility for the accuracy, quality, and legality of personal data and the means by which it was obtained.

4.3 The data processor will inform the data controller of any instruction that it deems to be in violation of applicable law and will not execute the instructions until they have been confirmed or modified.

5 Our obligations (as data processor) to you (as data controller)

- 5.1 We shall have and maintain a register of processing activities in accordance with GDPR, article 32 (2).
- 5.2 We shall treat all the personal data as strictly confidential information. The personal data may not be copied, transferred or otherwise processed in conflict with the instruction, unless the data controller in writing has agreed.
- 5.3 Our principals and employees shall be subject to an obligation of confidentiality that ensures that they shall treat all the personal data under this DPA with strict confidentiality.
- 5.4 Personal data will only be made available to our principals and employees that require access to such personal data for the delivery of payroll services and this data processor agreement.
- 5.5 We shall ensure that principals and employees processing the personal data only process that data in accordance with the instruction.
- 5.6 We shall implement the appropriate technical and organisational measures as set out in this Agreement and in the applicable law, including in accordance with GDPR, article 32. The security measures are subject to technical progress and development. We may update or modify the security measures from time-to-time provided that such updates and modifications do not result in the degradation of the overall security.
- 5.7 We shall provide documentation for our security measures if requested by you in writing.
- 5.8 If our assistance is necessary and relevant, then we shall assist you in preparing data protection impact assessments in accordance with GDPR, article 35, along with any prior consultation in accordance with GDPR, article 36.
- 5.9 If we receive a request from a data subject for the exercise of the data subject's rights under the applicable law and the correct and legitimate reply to such a request necessitates our assistance, we shall assist you by providing the necessary information and documentation. We shall be given reasonable time to assist you with such requests in accordance with the applicable law.
- 5.10 If we receive a request from a data subject for the exercise of the data subject's rights under the applicable law and such request is related to the personal data of you as data controller, we must immediately forward the request to you and must refrain from responding to the person directly.
- 5.11 We shall give immediate notice to you if a breach occurs that can lead to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of or access to, personal data transmitted, stored or otherwise processed regarding the personal data processed on behalf of you (a "personal data breach").
- 5.12 We shall make reasonable efforts to identify the cause of such a breach and take those steps as they deem necessary to establish the cause and to prevent such a breach from reoccurring.

- 5.13 Upon request by you, we shall make available to you all relevant information necessary to demonstrate compliance with this DPA, and shall allow for, and reasonably cooperate with, audits including inspections by you or an auditor mandated by you. You shall give notice of any audit or document inspection to be conducted and shall make reasonable endeavours to avoid causing damage or disruption to our premises, equipment and business in the course of such an audit or inspection. Any audit or document inspection shall be carried out with reasonable prior written notice of no less than 30 days and shall not be conducted more than annually.
- 5.14 Normally, we will not transfer your data to countries outside the European Economic Area (EEA). In some cases, personal data will be saved on storage solutions that have servers outside the EEA. Only those storage solutions that provide secure services with adequate relevant safeguards will be utilised by us.
- 5.15 We will appoint a data protection officer where such appointment is required by data protection laws and regulation.
- 5.16 At the end of the contract we will [delete all the personal data we have been processing for you/we will return to you all the personal data we have been processing for you], save insofar as we are required by law to retain any of the personal data.

6 Sub-processors

- 6.1 We are given general authorisation to engage third parties to process the personal data (“sub-processors”) without obtaining any further written, specific authorisation from you, provided that the we notify you in writing regarding the identity of a potential sub-processor (and its processors, if any) before any agreements are made with the relevant sub-processors and before the sub-processor processes any of the personal data. If you wish to object to the appointment of a sub-processor, you shall give notice hereof in writing within 10 business days from receiving the notification from us. In the absence of any objections from you it shall be deemed a consent has been given.
- 6.2 In the event that you object to a new sub-processor and we cannot accommodate your objection, we may terminate the services by providing written notice to you.
- 6.3 We shall obtain a written sub-processor agreement with any sub-processors. Such an agreement shall at minimum provide the same data protection obligations as the ones applicable to us, including the obligations under this data processor agreement. We shall on an ongoing basis monitor and control our sub- processors’ compliance with the applicable law. Documentation of such monitoring and control shall be provided to you if requested in writing.
- 6.4 We are accountable to you for any sub-processor in the same way as for its own actions and omissions.
- 6.5 At the time of entering into this data processor agreement we use the following sub-processors [name and address of sub-processors, including payroll software providers]. If we initiate sub-processing with any new sub-processor, such new sub-processor shall be communicated to you in writing.

7 Our responsibilities under GDPR

7.1 Nothing within this contract relieves us of our own direct responsibilities under the GDPR.